



Control Number: 51415



Item Number: 598

Addendum StartPage: 0

SOAH DOCKET NO. 423-28-0538
PUC DOCKET NO. 51415

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APPLICATION OF SOUTHWESTERN §
ELECTRIC POWER COMPANY FOR §
AUTHORITY TO CHANGE RATES §
§
BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO
COMMISSION STAFF'S EIGHTH REQUEST FOR INFORMATION**

JANUARY 21, 2021

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**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S EIGHTH REQUEST FOR INFORMATION**

Question No. Staff 8-1:

Please refer to the table below. Please confirm that under SWEPCO's proposed revenue distribution, the rate classes listed in the table below have moved away from cost of service since SWEPCO's last base rate case.

| | Docket No. 40443 ¹ | | | Docket No. 46449 ² | | | Docket No. 51415 | | |
|-------------------------------------|-------------------------------|----------------------|-------------|-------------------------------|----------------------|--------------|--------------------|------------------|--------------|
| | Commission Approved | Commission Target | Difference | Commission Approved | Commission Target | Difference | SWEPCO Proposed | SWEPCO Target | Difference |
| | Cost of Service | Revenues | | Cost of Service | Revenues | | Cost of Service | Revenues | |
| General Service with Demand | \$12,141,280 | \$12,629,829 | \$488,549 | \$17,545,369 | \$17,724,245 | \$178,876 | \$20,885,283 | \$22,604,240 | \$1,718,957 |
| General Service without Demand | \$5,559,664 | \$5,082,650 | -\$477,014 | \$6,497,116 | \$6,317,491 | -\$179,625 | \$7,916,452 | \$7,538,872 | -\$377,580 |
| Lighting & Power Secondary | \$92,318,060 | \$92,096,782 | -\$221,278 | \$105,229,827 | \$109,618,716 | \$4,388,889 | \$136,386,746 | \$133,028,403 | -\$3,358,343 |
| Lighting & Power Primary | \$24,080,853 | \$24,044,976 | -\$35,877 | \$22,289,869 | \$21,087,193 | -\$1,202,676 | \$27,798,948 | \$31,685,778 | \$3,886,830 |
| Metal Melting-Transmission | \$1,052,389 | \$1,137,412 | \$85,023 | \$708,626 | \$1,061,104 | \$352,478 | \$1,580,393 | \$1,993,259 | \$412,866 |
| Large Lighting & Power Transmission | \$13,777,412 | \$17,311,767 | \$3,534,355 | \$25,334,937 | \$25,193,711 | -\$141,226 | \$31,535,364 | \$29,771,107 | -\$1,764,257 |
| Municipal Pumping | \$2,021,263 | \$1,803,263 | -\$218,000 | \$2,510,285 | \$2,474,779 | -\$35,507 | \$2,680,369 | \$2,586,729 | -\$93,640 |
| Municipal Service | \$891,759 | \$1,109,758 | \$217,999 | \$1,605,802 | \$1,715,425 | \$109,623 | \$1,622,774 | \$1,872,771 | \$249,997 |
| Municipal Lighting | \$2,158,052 | \$2,244,083 | \$86,031 | \$2,367,532 | \$2,344,990 | -\$22,542 | \$2,664,701 | \$2,572,829 | -\$91,872 |
| Public Street & Highway Lighting | \$123,035 | \$37,005 | -\$86,030 | \$109,742 | \$58,167 | -\$51,574 | \$98,724 | \$34,239 | -\$64,485 |

¹ Application of Southwestern Electric Power Company for Authority to Change Rates, Docket No. 40443.

Commission Number Run-Based on September 12, 2013 Open Meeting Discussion (Sep 23, 2013)

² Application of Southwestern Electric Power Company for Authority to Change Rates, Docket No. 46449.

Commission Number Run Based on December 14, 2017 Open Meeting Discussion (Dec 20, 2017)

Response No. Staff 8-1:

I cannot confirm the statement. Each case includes different class information and therefore it is hard to make an "apples-to-apples" comparison. I can confirm that based on the as-filed class cost-of-service study, at present, the classes shown in the table have moved away from cost since the last rate review as evidenced by the relative rates of return at present return. The proposed revenue distribution moves the classes closer to the equalized cost based on a comparison of relative rates of return at present and at proposed as shown in the proposed revenue distribution. The classes listed in the table are not at full cost to serve but each has made improvement from present returns in this filing. For example, Municipal Service has a present relative rate of return of 2.38 and, as proposed in the revenue distribution, the relative rate of return at proposed is 1.38. The class is not at an equalized return but has made improvement from the present relative rate of return in this case.

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**SOAH DOCKET NO. 473-21-0538
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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S EIGHTH REQUEST FOR INFORMATION**

Question No. Staff 8-2:

Please provide a detailed description of SWEPCO's proposed revenue distribution and rate design methodologies in the event the Commission approves a revenue requirement that differs from SWEPCO's proposed revenue requirement. Please describe the methodology that would be used to set rates for each tariff in sufficient detail so as to enable Staff to calculate rates consistent with SWEPCO's proposed revenue distribution and rate design methodologies, starting from a class cost of service model that produces an overall revenue requirement that differs from SWEPCO's proposed revenue requirement.

Response No. Staff 8-2:

The proposed revenue distribution and Schedule Q-7 Proof of Revenue are working files that will accommodate any level of revenue requirement resulting from an updated class cost-of-service study. The revenue distribution proposes to move all major classes of customers closer to an equalized return while moderating excessive impacts on certain groups of customers. The major rate classes included in the proposed revenue distribution are: Residential Service, Commercial and Industrial Service, Municipal, and Lighting. The rate classes included in each major class are as follows:

- Residential Service includes all customers that take service under the Residential Rate Schedule;
- Commercial & Industrial includes the customers taking service under the General Service Rate Schedule, the Lighting & Power Rate Schedule, Cotton Gin, the Oil Field Large Industrial Rate Schedule, the Large Lighting & Power Rate Schedule, the Metal Melting Service Rate Schedule, and Metal Melting Service 69 kV;
- Municipal and Municipal Lighting Service includes the customers taking service under the Municipal Pumping and Municipal Service Rate Schedules and the Municipal Street and Public Street and Highway Lighting Rate Schedules; and
- Lighting Service includes the customers taking service under the Private, Area, Outdoor, Customer-Owned and Recreational Lighting Rate Schedules.

The proposed revenue requirement shows the test year present base rate revenue, present operating income, rate base, and the equalized base rate change for each customer class shown in the class cost-of-service study. The equalized increase for all customer classes included in the major rate class groupings are combined to yield the percentage change for the group. The group percentage change is then applied to the present base rate revenue of each customer class in the major rate class groupings to get a target proposed increase. Any change in the equalized return for the customer classes will flow through the electronic versions of the revenue distribution and proof of revenue. The proposed revenue distribution details the customer classes and rate codes designated to be included in each major rate class grouping including the assigned base rate percentage change. The proposed rate design applies the target percentage change to the bill components of each class as shown in the revenue distribution and the prices are adjusted to yield the revenue requirement for each customer class while applying the rate design objectives as detailed SWEPCO witness Jennifer Jackson's rate design testimony.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. Staff 8-3:

Is SWEPCO's proposed revenue distribution methodology in this proceeding substantially identical to the revenue distribution methodology approved by the Commission in Docket No. 46449? If not, please explain in detail how the proposed revenue distribution methodology in this proceeding differs from the revenue distribution methodology approved by the Commission in Docket No. 46449.

Response No. Staff 8-3:

The proposed revenue distribution methodology is not substantially identical to the revenue distribution methodology approved in Docket No. 46449. Based on the Commission's Order Revenue Distribution Number Running document, it appears the major difference between the approved revenue distribution in Docket No. 46449 and the revenue distribution proposed in this docket, is in how the customer rate classes were combined into the major rate class groupings in order to apply a gradualism adjustment. The similarities include the same class groupings of a Residential Class, a Municipal Class including Municipal Service, Municipal Pumping, Municipal Lighting and Public Street & Highway Lighting, and a Lighting Class including Private, Outdoor, Area Lighting and Customer-owned Lighting. The main difference between the two dockets is in how the commercial and industrial classes were combined in order to apply a gradualism adjustment. The Staff's Commission Order Revenue Requirement contains a class including General Service, another class including Lighting & Power, Oilfield, Cotton Gin, and Metal Melting Distribution, and another class including Metal Melting Transmission and Large Lighting & Power. SWEPCO's proposal in this docket combines all the commercial and industrial classes into one large major rate class.

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SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. Staff 8-4:

Is SWEPCO's proposed revenue distribution methodology in this proceeding substantially identical to the revenue distribution methodology proposed by SWEPCO in Docket No. 46449? If not, please explain in detail how the proposed revenue distribution methodology in this proceeding differs from the revenue distribution methodology proposed by SWEPCO in Docket No. 46449.

Response No. Staff 8-4:

The proposed revenue distribution methodology is not substantially identical to the revenue distribution methodology proposed in Docket No. 46449 but there are similarities. Both revenue distribution proposals include grouping similar customer classes into major rate classes for rate design purposes. The proposals differ in the number and combination of the major rate class groupings. Docket No. 46449 proposed six major classes consisting of (1) Residential, (2) General Service, (3) Lighting and Power grouped with Cotton Gin, Metal Melting Distribution and Oilfield Service, (4) Large Lighting and Power grouped with Metal Melting Transmission, (5) Municipal Service grouped with Municipal Pumping and Municipal / Street / Highway Lighting, and (6) Private Lighting and all other non-governmental lighting rate schedules (Outdoor, Flood, Area, Customer-Supplied, Recreational). The revenue distribution in this docket proposes four major classes included Residential, Commercial & Industrial, Municipal, and Lighting. Otherwise, the methodologies are similar.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S EIGHTH REQUEST FOR INFORMATION**

Question No. Staff 8-5:

Is SWEPCO's proposed revenue distribution methodology in this proceeding substantially identical to the revenue distribution methodology approved by the Commission in Docket No. 40443? If not, please explain in detail how the proposed revenue distribution methodology in this proceeding differs from the revenue distribution methodology approved by the Commission in Docket No. 40443.

Response No. Staff 8-5:

The proposed revenue distribution methodology in this proceeding is not substantially identical to the methodology approved by the Commission in Docket No. 40443, although there are similarities in the proposed methodology. In Docket No. 40443, the approved revenue distribution assigned the increase to the Residential, General Service, and Lighting & Power rate classes but combined customer classes to share the approved rate change within four class groupings including an Industrial group, a Municipal group, a Municipal Lighting group and a Private and Customer-Owned Lighting group. The methodology of combining customer classes to share the proposed increase is also reflected in the proposed revenue distribution in this docket. In this proceeding, SWEPCO proposes to share the equalized increase among all Commercial and Industrial customer classes. SWEPCO also proposes to combine all municipal customer classes, including municipal lighting, into a customer group. In this proceeding, SWEPCO proposes that the Residential Service, the Private, Area and Outdoor Lighting and the Customer Owned Lighting rate classes are assigned an increase based on the individual rate class.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. Staff 8-6:

Is SWEPCO's proposed revenue distribution methodology in this proceeding substantially identical to the revenue distribution methodology proposed by SWEPCO in Docket No. 40443? If not, please explain in detail how the proposed revenue distribution methodology in this proceeding differs from the revenue distribution methodology proposed by SWEPCO in Docket No. 40443.

Response No. Staff 8-6:

The proposed revenue distribution methodology in this proceeding is not substantially identical to the methodology proposed by SWEPCO in Docket No. 40443, although there are similarities in the proposed methodology. In Docket No. 40443, the proposed methodology assigned the rate class equalized increase to the Residential, General Service, Lighting & Power, and Municipal Pumping Rate Classes but combined the classes included in the Industrial, and Lighting classes in order to share the total combined increase among those customer classes. The methodology of combining customer classes to share the increase is also reflected in the proposed revenue distribution in this docket. In this proceeding, SWEPCO proposes to share the equalized increase among all Commercial and Industrial customer classes. SWEPCO also proposes to combine all municipal customer classes, including municipal lighting. In this proceeding, SWEPCO proposes that the Residential Service, the Private, Area and Outdoor Lighting and the Customer Owned Lighting rate classes are assigned an increase at an equalized return.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. Staff 8-7:

Please provide a complete list of all of the rate classes, as defined in 16 Texas Administrative Code § 25.5(100), SWEPCO is proposing to establish rates for in this proceeding.

Response No. Staff 8-7:

16 Texas Administrative Code § 25.5 (100) defines a rate class as a group of customers taking electric service under the same rate schedule. Below is a list of SWEPCO rate classes that share the same rate schedule.

- Residential Service
- General Service
- Lighting & Power Service
- Large Lighting & Power Service
- Electric Furnace Service
- Metal Melting Service
- Metal Melting Service 69 kV or Higher
- Oil Field Large Industrial Power Schedule
- Cotton Gin Service
- Municipal Pumping Service
- Municipal Service Schedule
- Recreational Lighting
- Customer Supplied Lighting
- Street Lighting
- Municipal Street Lighting
- Municipal Street & Parkway Lighting
- Public Highway Lighting
- Private Lighting
- Area Lighting
- Flood Lighting Service
- Outdoor Lighting
- Municipal Street & Parkway Light Emitting Diode
- Area-Outdoor Lighting Light Emitting Diode
- Residential Service Time of Use Pilot
- Lighting & Power Time of Use Pilot

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. Staff 8-8:

Confirm or deny that the term “major rate class” as used in SWEPCO’s application is not identical to the term “rate class”, as defined in 16 Texas Administrative Code § 25.5(100). If the response is anything other than an unqualified “confirm”, please explain fully and identify every specific “major rate class” that is not identical to a “rate class”, as defined in 16 Texas Administrative Code § 25.5(100).

Response No. Staff 8-8:

Confirm.

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SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. Staff 8-9:

For each rate class, as defined in 16 Texas Administrative Code § 25.5(100), included in Docket Number 40443, please provide the relative rate of return for that rate class at present rates in that docket, at proposed rates in that docket, and at Commission-approved rates in that docket.

Response No. Staff 8-9:

Please see Staff_8-9_Attachment_1.xlsx for the requested class relative rate of return information as filed by SWEPCO in Docket No. 40443 at present and proposed returns. The requested class relative rates of return as approved are included in the Commission Staff number running workpapers per the Commission Order in Docket No. 40443. The class cost-of-service included in the number running workpapers is shown by function and not by total class cost-of-service as requested. It appears that the functions are set to equalized returns for each class but the requested information for the total class cost-of-service was not readily available.

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COMMISSION STAFF'S EIGHTH REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY

Question No. 8-9

| Rate Class | Relative Rate of Return 40443 | |
|---|-------------------------------|----------|
| | Present | Proposed |
| Residential Service | 1.19 | 1.00 |
| General Service | 1.28 | 1.00 |
| Lighting & Power Service | 0.82 | 1.00 |
| Large Lighting & Power Service | 1.11 | 1.20 |
| Electric Furnace Service | 2.44 | 1.20 |
| Metal Melting Service | 0.35 | 0.63 |
| Metal Melting Service 69 kV or Higher | 1.42 | 1.41 |
| Oil Field Large Industrial Power Schedule | 1.05 | 1.14 |
| Cotton Gin Service | (0.78) | (0.09) |
| Special Contract | 0.17 | 0.49 |
| Municipal Pumping Service | 0.83 | 0.98 |
| Municipal Service Schedule | 2.07 | 1.04 |
| Recreational Lighting* | 0.19 | 0.46 |
| Customer Supplied Lighting* | 0.19 | 0.46 |
| Street Lighting** | 0.77 | 1.09 |
| Municipal Street Lighting** | 0.77 | 1.09 |
| Municipal Street & Parkway Lighting** | 0.77 | 1.09 |
| Public Highway Lighting | (1.41) | (0.52) |
| Private Lighting*** | 0.91 | 1.02 |
| Area Lighting*** | 0.91 | 1.02 |
| Flood Lighting Service*** | 0.91 | 1.02 |
| Outdoor Lighting*** | 0.91 | 1.02 |

* included in Customer Owned Lighting in CCOS

** included in Municipal Street Lighting in CCOS

*** included in Private Outdoor Area Lighting in CCOS

Rate Schedule proposed RROR are based on the Rate Base and Return as shown in the CCOS, Summary of Return at Proposed Rates 16 Texas Administrative Code § 25.5(100) Rate class -- A group of customers taking electric service under the same rate schedule.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. Staff 8-10:

For each rate class, as defined in 16 Texas Administrative Code § 25.5(100), included in Docket Number 46449, please provide the relative rate of return for that rate class at present rates in that docket, at proposed rates in that docket, and at Commission-approved rates in that docket.

Response No. Staff 8-10:

Please see Staff_8-10_Attachment_1.xlsx for the requested Docket No. 46449 relative rate of return information by rate class at present and proposed rates. Rate Class relative rate of return information for the approved revenues based on the adjusted number running revenue distribution does not appear to be included in the Commission Number Running Class Cost of Service. Therefore, the requested information at approved rates has not been included in the attachment.

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Question No. 8-10

| Rate Class | Relative Rate of Return 46449 | |
|---|-------------------------------|----------|
| | Present | Proposed |
| Residential Service | 1.18 | 1.00 |
| General Service | 0.66 | 1.00 |
| Lighting & Power Service | 1.23 | 1.00 |
| Large Lighting & Power Service | 0.17 | 1.00 |
| Electric Furnace Service | n/a | n/a |
| Metal Melting Service | (0.69) | 0.70 |
| Metal Melting Service 69 kV or Higher | 6.47 | 2.20 |
| Oil Field Large Industrial Power Schedule | (0.80) | 0.70 |
| Cotton Gin Service | (1.79) | 0.20 |
| Municipal Pumping Service | 0.18 | 1.10 |
| Municipal Service Schedule | 0.04 | 0.90 |
| Recreational Lighting* | 1.12 | 1.00 |
| Customer Supplied Lighting* | 1.12 | 1.00 |
| Street Lighting** | 1.69 | 1.10 |
| Municipal Street Lighting** | 1.69 | 1.10 |
| Municipal Street & Parkway Lighting** | 1.69 | 1.10 |
| Public Highway Lighting | (3.04) | (0.50) |
| Private Lighting*** | 2.97 | 1.00 |
| Area Lighting*** | 2.97 | 1.00 |
| Flood Lighting Service*** | 2.97 | 1.00 |
| Outdoor Lighting*** | 2.97 | 1.00 |

* included in Customer Owned Lighting in CCOS

** included in Municipal Street Lighting in CCOS

*** included in Private Outdoor Area Lighting in CCOS

Rate Schedule proposed RROR are based on the Rate Base and Return as shown in the CCOS, Summary of Return at Proposed Rates 16 Texas Administrative Code § 25.5(100) Rate class -- A group of customers taking electric service under the same rate schedule.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. Staff 8-11:

For each rate class, as defined in 16 Texas Administrative Code § 25.5(100), included in this proceeding, please provide the relative rate of return for that rate class at present rates and at proposed rates.

Response No. Staff 8-11:

Please see Staff_8-11_Attachment_1.xlsx for the requested relative rates of return by rate class.

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COMMISSION STAFF'S EIGHTH REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY

Question No. 8-11

| Rate Class | Relative Rate of Return | |
|---|-------------------------|----------|
| | Present | Proposed |
| Residential Service | 1.06 | 1.00 |
| General Service | 1.09 | 1.11 |
| Lighting & Power Service | 0.94 | 1.01 |
| Large Lighting & Power Service | 0.88 | 0.91 |
| Electric Furnace Service | n/a | n/a |
| Metal Melting Service | 0.68 | 0.92 |
| Metal Melting Service 69 kV or Higher | 1.94 | 1.65 |
| Oil Field Large Industrial Power Schedule | 0.80 | 0.93 |
| Cotton Gin Service | (0.50) | 0.22 |
| Municipal Pumping Service | 1.41 | 0.91 |
| Municipal Service Schedule | 2.32 | 1.38 |
| Recreational Lighting* | 0.65 | 1.00 |
| Customer Supplied Lighting* | 0.65 | 1.00 |
| Street Lighting** | 1.44 | 0.92 |
| Municipal Street Lighting** | 1.44 | 0.92 |
| Municipal Street & Parkway Lighting** | 1.44 | 0.92 |
| Public Highway Lighting | (1.50) | (0.57) |
| Private Lighting*** | 1.38 | 1.00 |
| Area Lighting*** | 1.38 | 1.00 |
| Flood Lighting Service*** | 1.38 | 1.00 |
| Outdoor Lighting*** | 1.38 | 1.00 |
| Municipal Street & Parkway Light Emitting Diode | n/a | n/a |
| Area-Outdoor Lighting Light Emitting Diode | n/a | n/a |
| Residential Service Time of Use Pilot | n/a | n/a |
| Lighting & Power Time of Use Pilot | n/a | n/a |

* included in Customer Owned Lighting in CCOS

** included in Municipal Street Lighting in CCOS

*** included in Private Outdoor Area Lighting in CCOS

n/a reflects zero customers on the rate schedule or a new rate schedule offering

Rate Schedule proposed RROR are based on the Rate Base and Return as shown in the CCOS, Summary of Return at Proposed Rates 16 Texas Administrative Code § 25.5(100) Rate class -- A group of customers taking electric service under the same rate schedule.

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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
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Question No. Staff 8-12:

For each rate class, as defined in 16 Texas Administrative Code § 25.5(100), included in Docket Number 40443, please provide the percentage by which that rate class is above or below cost at present rates in that docket, at proposed rates in that docket, and at Commission-approved rates in that docket.

Response No. Staff 8-12:

Please see Staff_8-12_Attachment_1.xlsx for the requested information as filed by SWEPCO in Docket No. 40443 at present and at proposed cost. The requested class as approved are included in the Commission Staff number running workpapers per the Commission Order in Docket No. 40443. The class cost-of-service included in the number running workpapers is shown by function and not by total class cost-of-service as requested. It appears that the functions are set to equalized returns for each class but the requested information for the total class cost-of-service was not readily available.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

SOAH DOCKET NO 473-21-0538
PUC DOCKET NO. 51415
COMMISSION STAFF'S EIGHTH REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY

| Rate Class | Percentage Above or Below Cost | | |
|---|--------------------------------|----------|----------|
| | Equalized | Present | Proposed |
| Residential Service | 25.34% | -25.34% | 0.00% |
| General Service | 21.87% | -21.87% | 0.00% |
| Lighting & Power Service | 43.60% | -43.60% | 0.00% |
| Large Lighting & Power Service | 30.87% | -30.87% | 9.52% |
| Electric Furnace Service | -8.19% | 8.19% | 8.19% |
| Metal Melting Service | 72.22% | -72.22% | -31.85% |
| Metal Melting Service 69 kV or Higher | 17.10% | -17.10% | 23.27% |
| Oil Field Large Industrial Power Schedule | 31.43% | -31.43% | 8.99% |
| Cotton Gin Service | 192.39% | -192.39% | -152.07% |
| Special Contract | 89.62% | -89.62% | -49.29% |
| Municipal Pumping Service | 40.45% | -40.45% | -1.00% |
| Municipal Service Schedule | -0.60% | 0.60% | 1.61% |
| Recreational Lighting* | 81.21% | -81.21% | -48.36% |
| Customer Supplied Lighting* | 81.21% | -81.21% | -48.36% |
| Street Lighting** | 41.18% | -41.18% | 6.31% |
| Municipal Street Lighting** | 41.18% | -41.18% | 6.31% |
| Municipal Street & Parkway Lighting** | 41.18% | -41.18% | 6.31% |
| Public Highway Lighting | 465.66% | -465.66% | -417.46% |
| Private Lighting*** | 31.16% | -31.16% | 1.09% |
| Area Lighting*** | 31.16% | -31.16% | 1.09% |
| Flood Lighting Service*** | 31.16% | -31.16% | 1.09% |
| Outdoor Lighting*** | 31.16% | -31.16% | 1.09% |

* included in Customer Owned Lighting in CCOS

** included in Municipal Street Lighting in CCOS

*** included in Private Outdoor Area Lighting in CCOS

Rate Schedule proposed percentage above or below cost is based on the difference between the @ equalized base rate change and the resulting rate schedule change at proposed 16 Texas Administrative Code § 25.5(100) Rate class -- A group of customers taking electric service under the same rate schedule

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S EIGHTH REQUEST FOR INFORMATION

Question No. Staff 8-13:

For each rate class, as defined in 16 Texas Administrative Code § 25.5(100), included in Docket Number 46449, please provide the percentage by which that rate class is above or below cost at present rates in that docket, at proposed rates in that docket, and at Commission-approved rates in that docket.

Response No. Staff 8-13:

Please see Staff_8-13_Attachment_1.xlsx for the requested information from Docket No. 46449.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

Sponsored By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415
COMMISSION STAFF'S EIGHTH REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY

| Rate Class | Percentage Above or Below Cost | | | Final Order Commission Number Run**** | | |
|---|--------------------------------|----------|----------|---------------------------------------|--------------|-------------|
| | Equalized | Present | Proposed | Cost-Based % | Net Target % | Above/Below |
| Residential Service | 34.60% | -34.60% | 0.00% | 13.92% | 13.92% | 0.00% |
| General Service | 47.90% | -47.90% | 0.00% | 24.65% | 24.65% | 0.00% |
| Lighting & Power Service | 32.90% | -32.90% | 2.40% | 10.69% | 13.81% | 3.12% |
| Large Lighting & Power Service | 49.80% | -49.80% | -1.30% | 19.01% | 17.75% | -1.26% |
| Electric Furnace Service | n/a | n/a | n/a | n/a | n/a | n/a |
| Metal Melting Service | 76.80% | -76.80% | -18.80% | 60.82% | 40.50% | -20.32% |
| Metal Melting Service 69 kV or Higher | -21.30% | 21.30% | 32.90% | -33.28% | -0.10% | 33.18% |
| Oil Field Large Industrial Power Schedule | 83.80% | -83.80% | -22.70% | 79.74% | 42.55% | -37.19% |
| Cotton Gin Service | 124.50% | -124.50% | -62.90% | 80.80% | 42.55% | -38.25% |
| Municipal Pumping Service | 52.60% | -52.60% | 3.40% | 28.18% | 26.37% | -1.81% |
| Municipal Service Schedule | 62.00% | -62.00% | -4.90% | 23.21% | 31.62% | 8.41% |
| Recreational Lighting* | 39.10% | -39.10% | -0.400% | 10.53% | 10.21% | -0.32% |
| Customer Supplied Lighting* | 39.10% | -39.10% | -0.400% | 10.53% | 10.21% | -0.32% |
| Street Lighting** | 27.60% | -27.60% | 3.60% | 13.83% | 12.75% | -1.08% |
| Municipal Street Lighting** | 27.60% | -27.60% | 3.60% | 13.83% | 12.75% | -1.08% |
| Municipal Street & Parkway Lighting** | 27.60% | -27.60% | 3.60% | 13.83% | 12.75% | -1.08% |
| Public Highway Lighting | 307.20% | -307.20% | -246.10% | 168.95% | 42.55% | -126.40% |
| Private Lighting*** | 7.70% | -7.70% | 0.00% | -2.26% | -2.24% | 0.02% |
| Area Lighting*** | 7.70% | -7.70% | 0.00% | -2.26% | -2.24% | 0.02% |
| Flood Lighting Service*** | 7.70% | -7.70% | 0.00% | -2.26% | -2.24% | 0.02% |
| Outdoor Lighting*** | 7.70% | -7.70% | 0.00% | -2.26% | -2.24% | 0.02% |

* included in Customer Owned Lighting in CCOS

** included in Municipal Street Lighting in CCOS

*** included in Private Outdoor Area Lighting in CCOS

**** Docket No. 46449 Commission Number Run 12/22/2017 Item No. 802

Rate Schedule proposed percentage above or below cost is based on the difference between the @ equalized base rate change and the resulting rate schedule change at proposed 16 Texas Administrative Code § 25.5(100) Rate class -- A group of customers taking electric service under the same rate schedule

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S EIGHTH REQUEST FOR INFORMATION**

Question No. Staff 8-14:

For each rate class, as defined in 16 Texas Administrative Code § 25.5(100), included in this proceeding, please provide the percentage by which that rate class is above or below cost at present rates and at proposed rates.

Response No. Staff 8-14:

Please Staff_8-14_Attachment_1.xlsx for the requested information.

Prepared By: Jennifer L. Jackson

Title: Reg Pricing & Analysis Mgr

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SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO 51415
COMMISSION STAFF'S EIGHTH REQUEST FOR INFORMATION
TO SOUTHWESTERN ELECTRIC POWER COMPANY

| Rate Class | Percentage Above or Below Cost | | |
|---|--------------------------------|----------|----------|
| | Equalized | Present | Proposed |
| Residential Service | 27 93% | -27.93% | 0.00% |
| General Service | 27 06% | -27.06% | 5.92% |
| Lighting & Power Service | 32 55% | -32.55% | 0.43% |
| Large Lighting & Power Service | 38 78% | -38.78% | -5.81% |
| Electric Furnace Service | n/a | n/a | n/a |
| Metal Melting Service | 37 48% | -37.48% | -4.50% |
| Metal Melting Service 69 kV or Higher | 5.43% | -5.43% | 27.54% |
| Oil Field Large Industrial Power Schedule | 36 98% | -36.98% | -4.00% |
| Cotton Gin Service | 91.89% | -91.89% | -58.91% |
| Municipal Pumping Service | 17.59% | -17.59% | -4.11% |
| Municipal Service Schedule | -1.66% | 1.66% | 15.15% |
| Recreational Lighting* | 37 76% | -37.76% | 0.00% |
| Customer Supplied Lighting* | 37 76% | -37.76% | 0.00% |
| Street Lighting** | 17 54% | -17.54% | -4.06% |
| Municipal Street Lighting** | 17 54% | -17.54% | -4.06% |
| Municipal Street & Parkway Lighting** | 17 54% | -17.54% | -4.06% |
| Public Highway Lighting | 227 23% | -227.23% | -213.71% |
| Private Lighting*** | 18 12% | -18.12% | 0.00% |
| Area Lighting*** | 18 12% | -18.12% | 0.00% |
| Flood Lighting Service*** | 18 12% | -18.12% | 0.00% |
| Outdoor Lighting*** | 18 12% | -18.12% | 0.00% |
| Municipal Street & Parkway Light Emitting Diode | n/a | n/a | n/a |
| Area-Outdoor Lighting Light Emitting Diode | n/a | n/a | n/a |
| Residential Service Time of Use Pilot | n/a | n/a | n/a |
| Lighting & Power Time of Use Pilot | n/a | n/a | n/a |

* included in Customer Owned Lighting in CCOS

** included in Municipal Street Lighting in CCOS

*** included in Private Outdoor Area Lighting in CCOS

n/a reflects zero customers on the rate schedule or a new rate schedule offering

Rate Schedule proposed percentage above or below cost is based on the difference between the @ equalized base rate change and the resulting rate schedule change at proposed 16 Texas Administrative Code § 25.5(100) Rate class -- A group of customers taking electric service under the same rate schedule

**SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415**

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S EIGHTH REQUEST FOR INFORMATION**

Question No. Staff 8-15:

Does SWEPCO's proposed gradualism methodology reduce the subsidization among individual rate classes, as defined in 16 Texas Administrative Code § 25.5(100)? Please provide all calculations and explain fully, including a description as to how SWEPCO quantifies the amount of subsidization among individual rate classes, as defined in 16 Texas Administrative Code § 25.5(100).

Response No. Staff 8-15:

Yes, SWEPCO's proposal reduces the subsidies of some customer rate classes by applying the full, equalized rate change to those classes or, by applying a moderated change to the classes that require a rate change that is multiple times the system average increase. The proposal reduces some class subsidies by moving classes closer to equalized returns, while taking into account customer impacts. Subsidies are still present and are carried by customer classes included in the major rate class groupings that are above a relative rate of return of 1.0 as a result of the proposed class revenue requirement. A gradualism methodology, by its nature, perpetuates subsidies, however, SWEPCO's proposal isolates subsidies within the major class groupings. For example, the Residential Class is not subsidizing the customers within the Commercial & Industrial major rate class. The subsidy is quantified by reviewing the class relative rates of return at the proposed revenue requirement as shown in the proposed revenue distribution.

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